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Before the  
Federal Communications Commission  
Washington, D.C. 20544

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FCC 96-93

In the Matter of  
Federal - State Joint Board  
Universal Service

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C.C. Docket No. : 96-45

**NOTICE OF PROPOSED RULEMAKING:**

**COMMENTS FROM:**

**Illinois State Board of Education**

Joseph A. Spagnolo

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The Illinois State Board of Education (ISBE) respectfully submits its comments on the Federal-State Joint Board's recommended decision adopted on November 7, 1996. ISBE commends the Joint Board and its Staff for their hard work in addressing the large number of comments on these important issues. Overall, ISBE agrees with the thrust of the Recommended Decision as carrying through the letter and spirit of the 1996 Telecommunications Act, and more specifically, section 254, which explicitly states that elementary and secondary schools are entitled to support for advanced telecommunications and support services.

As a statewide agency addressing the needs of over 1.9 million elementary and secondary students in over 4,100 attendance centers -- across a state as socio-economically and geographically diverse as ours -- ISBE applauds the depth and breadth of the Joint Board's Recommended Decision. Specifically, the Board's efforts to offer schools significant discounts on telecommunications services, and critical non-telecommunications components such as Internet access, and inter/intra building connections and hardware, will be critical to assuring that the intent of the Act is fulfilled. Accordingly, ensuring that the greatest discounts go to the most economically disadvantaged and the highest telecommunications cost areas of the State will also assure that important equity considerations direct the scale of the benefits to our educational institutions.

ISBE, working in concert with the Regional Offices of Education and its Learning Technology Hubs across the State, looks forward to assisting Districts and Schools in maximizing the opportunities created by the Act and its implementation as defined by the Proposed Rules.

Accordingly, ISBE's own comments will focus on the following issues:

- \* Existing Special Rates
- \* Carriers / Entities Eligible to Receive Discount Payments
- \* Consortia / Partnerships

#### **Existing Special Rates**

ISBE applauds the Joint Board's discussion of Existing Special Rates in its Recommended Decision (pp. 533-539; 571-572). We agree that any special tariffed telecommunications rates for schools / libraries that were in existence prior to the Rules should not be rescinded in order to increase the pre-discount price. Specifically, we agree with the Joint Board's recommendation that "the Commission not require any schools or libraries that had secured a low price on service to relinquish that rate simply to secure a slightly lower price produced by including a large amount of federal support" (Proposed Rules pp. 572).

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This is especially true for those telecommunications rates to schools that are above cost and do not receive any state or local subsidies. In Illinois, various carriers, including Ameritech and GTE, have taken aggressive steps to provide tariffed discounts to schools. These tariff offerings were approved by the Illinois Commerce Commission, in large part because they covered costs as defined and mandated by the Illinois Telecommunications Act and legislation intended to provide reduced services to schools.

ISBE applauds the efforts of carriers to better serve their education customers and gain the benefit of this fast-growing market. ISBE also applauds the efforts of many of Illinois' smaller carriers who have worked cooperatively with their local schools to provide services. Nevertheless, ISBE recommends that the FCC establish specific rules that do not allow carriers to increase these tariffed rates as an incentive to increase federally-subsidized revenues, thereby increasing the costs to schools and the universal service fund.

With regards to carriers who do not have tariffed educational rates on file and where competitive pressures are limited, ISBE agrees with the Proposed Rules (pp.541), which allow schools and libraries to seek bids on the market -- and if not sufficient -- request lower rates from the FCC and State Public Utility Commissions if they believe the rate offered by the carrier does not represent the lowest corresponding price. This proposal is especially relevant for schools served by carriers that have not offered special tariff services to schools and libraries. These carriers will -- in effect -- benefit from inactivity in this important market.

### **Carriers /Entities Eligible to Receive Discount Payments**

ISBE asks that the FCC clarify the entities eligible for receiving discount payments.

While we believe the Proposed Rules allow non-telecommunications carriers to receive the subsidies, we find the term “carrier” used interchangeably with “service provider.” We believe that the thrust and intent of the Proposed Rules allows schools and libraries to contract with “service providers” (either individually, or as a group), who provide the best prices for all the services contemplated in the Rules, regardless of whether or not they are telecommunications carriers providing core services (Proposed Rules pp.544). This is especially important for service providers who typically aggregate an entire package of services, including inside wiring, Internet services and telecommunications services (whether traditional wired, wireless or cable), then sell the entire product to the school or library. We agree with the proposed rules that afford cable, satellite and wireless communications carriers the ability to provide service and receive discounts. We propose that these service providers be equally eligible to receive discounts payments even though they are not traditional telecommunications carriers as such.

### **Illinois *LincOn***

Additionally, ISBE asks that the FCC clarify whether or not a State Agency such as ours -- an agency providing discount-eligible services to discount-eligible schools for free -- should also be eligible to receive the discounts. Per the discussion below, Illinois’ own *LincOn* network is a case in point:

The ***LincOn*** network is a major component of the State of Illinois' K-12 Information Technology Plan, providing schools important components of the advanced telecommunications services contemplated by the Act. Provisioned by private carriers on contract with ISBE and the State of Illinois, and paid through state funds, ***LincOn*** is providing Illinois' public K-12 schools the following services:

Open network ports to the State's K-12 dedicated Internet network;

Web Space on centrally-located web servers for educational services;

E-Mail accounts for School Staff to use for educational purposes;

Access to a web of high-speed, strategically-located caching web and ftp servers;

A statewide intra-net to provide for secure electronic data transfer;

Direct access to state-provisioned on-line education and reference resources.

***LincOn*** provides these critical Internet and Internet-related services, including help desks and 24-hour recovery services, to Illinois' K-12 public schools at no charge. ***LincOn*** does not pay for charges from the school/district building to the network point-of-presence

(POP), nor does it pay for any inter/intra building wiring. However, *LincOn's* free services reduce the total costs schools must pay, and eases access for all of our schools to advanced telecommunications and information services -- goals clearly in line with those of the Act. Therefore, ISBE recommends that the FCC's Final Rules allow ISBE -- or entities from any other State providing similar services to similar, eligible constituencies -- the opportunity to receive universal service discounts from the carriers for those eligible services it provides to its constituent Illinois' schools for free.

To be truly effective, ISBE's *LincOn* network is only part of a larger set of ISBE services which allow schools and districts to take advantage of the latest in learning technologies. These services include professional development and in-service training for teachers; strategic, community-based, technology planning for schools and districts; and network and telecommunications consulting services. These services are very much in line with the Proposed Rules (pp. 600-601), which state, in part, "we find that it would not be unduly burdensome to expect schools and libraries to certify that they have "done their homework" in terms of adopting a plan for securing access to all of the necessary supporting technologies needed to use the services purchased under section 254(h) effectively."

Allowing ISBE the opportunity to receive discounts will allow us to re-focus our resources towards expanding our efforts in these other, critical, non-telecommunications

areas of a successful learning technology environment -- an environment which, we assert, is the ultimate goal of this portion of the Telecommunications Act.

In accordance with the goals of the Proposed Rules, *LincOn* has been increasing schools/districts purchasing power by aggregating demand for telecommunications and telecommunications-related equipment. Accordingly, *LincOn's* Internet services reflect competitive bidding among private carriers to seek the best volume price. In effect, we ask that *LincOn's* services be acknowledged for the value they provide towards the goals of the Act. Moreover, ISBE's *LincOn* also maintains consistency with the Proposed Rules in that all of its constituent schools are eligible elementary and secondary institutions and it does not allow schools to resell *LincOn* services.

(To be sure, *LincOn* will also provide other, non-Internet, yet important educational services such as library reference services, on-line software, or other database access. In accordance with the Proposed Rules, we don't propose these non-Internet services should be included in any discounts we may receive. Nonetheless, any discounts ISBE receives on eligible services will allow us to expand these other important educational services.)

We believe that allowing ISBE the opportunity to receive discounts for the free services it provides to eligible schools is consistent with sections 254 (h) and 254(f) of the Act, and pp. 571 of the Proposed Rules. *LincOn* network services are consistent with



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Commission rules to preserve and advance universal service, and do not burden Federal universal service support. *LincOn* schools will not ask for USF-funded discounts for services they receive for free. Moreover, to the extent LincOn services are at a lower unit price than if the services are bought by individual schools and districts, *LincOn* brings down the total subsidies from the universal service fund. In sum, *LincOn* will eliminate eligible services from Federal support by transferring the burden to the State.

Accordingly, ISBE is asking for recognition of that universal service support as intended by the Act.

An important issue arises in how a discount for a Statewide agency acting on behalf of its eligible constituency will be calculated according to the proposed Discount Matrix (Proposed Rules pp.555). While ISBE leaves comment to others on what is the proper indicator of economic disadvantage and telecommunications cost (although ISBE looks forward to comment on these issues during Reply), we believe that applying a statewide average to the final indicators decided upon would be appropriate in calculating a discount.

### **Consortia / Partnerships**

ISBE restates its position in the Initial Comments that consortia of educational institutions, including colleges and universities, community colleges, and non-profit community groups be considered eligible institutions for the purpose of receiving discounts.

Increasingly, these groups are collaborating to provide K-12 students after-school and weekend enrichment programs for students. Students from poor and rural areas stand to benefit the most from such services, as they allow students access to advanced, on-line educational resources that are less likely to be available at home.

We understand and applaud the Proposed Rules' intent to encourage cooperative bidding consortia to develop, thus providing all the parties the benefits of the larger scale purchase. However, we continue to dissent from provisions that deny any discount benefits to those non-elementary/ secondary and library participants, especially as they provide services to eligible students. We propose that the FCC allow discounts to these institutions to the extent they are providing services to eligible students. Consortium institutions would certify their intent and extent of services they will provide to eligible students and receive discounts accordingly. The discount would be calculated as the percentage of all eligible telecommunications services used by elementary and secondary students. They would not receive discounts for their own, non-eligible student, usage. Eligible schools and libraries in a partnership / consortium would assist in auditing the extent to which these services are offered. In sum, discounts would be offered to the partnership members for their telecommunications costs driven by services provided to eligible students.

This incentive is as important for the inner-city community group that wants to provide K-12 students homework help using the Internet, as it is to rural students wanting to take

courses at the local community college using high-speed, high-bandwidth video. With regards to video, while a few elementary and secondary institutions are taking advantage of these technologies, the greatest use of video technologies is among institutions of higher education. More and more, these institutions are offering these services to K-12 students to enhance the learning experience. Allowing these institutions targeted discounts to provide services to eligible students will encourage even more partnerships to flourish.

### **Summary**

The Illinois State Board of Education (ISBE) applauds the Joint Board and its Staff for the hard work evident in the Proposed Recommendations. The Proposed Rules are a major, welcome step forward in improving access to technology by our nation's schools and libraries. ISBE looks forward in assisting the FCC and the Illinois Commerce Commission in implementing the letter and intent of the 1996 Telecommunications Act, especially as it relates to elementary and secondary schools in Illinois. As well, ISBE will work with schools to prepare them to gain the maximum educational benefit of the programs proposed by the new Act.

Per the comments above ISBE, would appreciate a clarification of institutions eligible for discounts; specific rules on existing tariffed telecommunications rates as pre-discount prices, and allowing partners/consortia members benefits for services offered to eligible students.

ISBE welcomes the opportunity to receive and provide further comments on issues raised herein. As well, we look forward to providing comments on issues raised by participants in the Reply portion of the comment period which follows.

**Respectfully Submitted,**

A handwritten signature in cursive script that reads "Joseph A. Spagnolo". Below the signature, there is a small handwritten note that says "By RMT.".

Joseph A. Spagnolo  
State Superintendent of Education  
Illinois State Board of Education

Date: December 15, 1996